



CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479

GENERAL INFORMATION: 408-586-3000, www.ci.milpitas.ca.gov

5/5/2015

Agenda Item No. 3



ATTACHMENT RELATED TO AGENDA ITEM AFTER AGENDA PACKET DISTRIBUTION





May 1, 2015

Honorable Mayor Esteves and City Council Members,

We are writing to urge you to reconsider the Public Art Fee that is being heard by Council at the upcoming meeting on May 5, 2015.

SummerHill Housing Group recently entered into a contract for the property located at the intersection of Montague/Centerpointe/Great Mall Parkway. We met with Staff multiple times during our due diligence period. Unfortunately, the public art fee was only recently brought up to us after our due diligence and after placing significant deposits on the property. While we support art being incorporated into new development projects, we believe that a fee or obligation to construct public art that totals 1% of construction costs is excessive and may have unintended negative consequences.

The financial burden is heavier on large scale projects, most of which are anticipated in the TASP Area where our project is and which already has significant infrastructure and impact fees. The TASP's focus is on higher density projects, which means construction types that are far more costly to construct than typical single family or townhome projects. If a builder does get past the initial financial hurdles, the unintended consequences to Milpitas will become apparent after construction. Based on the fee proposed, a \$200 million typical podium construction results in a \$2 million public art fee. The unfortunate consequence may be that high density builders have to cut overall costs to absorb this added \$2 million cost, effectively deteriorating either the quality and architecture, or both, in order to keep the project viable.

We agree with the City that adding public art adds to the overall streetscape and enhances communities. However, in the scenario above, a \$2 million dollar fee results in both financial burdens and will inevitably result in unintended consequences. In the spirit of collaboration, we would request that, given the already heavy costs to be borne in the TASP area, that the TASP fee be decreased to a base of 0.5% (half a percent) of building costs, which is consistent with the City of Dublin's public art fee (and was not included in the Staff Report matrix). Alternatively, please consider phasing in this large new fee such that projects that have pre-applications or applications filed are exempt. Further, consideration should be given to reducing the fees downward for larger projects with higher densities, as their construction costs will be more than triple those of single family and townhome projects.

We appreciate your time and trust that you will take our challenges into consideration. If you have any questions please contact us at 650/842-2371.

Best Regards,

A handwritten signature in black ink, reading "Katia Kamangar". The signature is fluid and cursive, with the first name "Katia" being more prominent than the last name "Kamangar".

Katia Kamangar
Senior Vice President/Managing Partner
SummerHill Housing Group

Cc: Joe Head/ SummerHill Housing Group, President of Land Acquisition
Tom Williams / Adam Petersen / Bill Ekern / Mayor Esteves / Council Members / Mary Lavelle